

**USAID/Regional Development Mission-Asia
(RDM-Asia)**

Annual Report

FY 2004

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Regional Development Mission-Asia (RDM-Asia)

Performance:

Program Context:

The East Asia region faces major development challenges including widespread corruption, poor or oppressive governance, the spread of HIV/AIDS and other infectious diseases, and persistent environmental degradation. These challenges hinder the prospects for equitable economic growth and human well being. A lack of transparency in economic and legal institutions as well as severe restrictions on human freedoms in some countries demonstrate the region's democratic weaknesses. Extrajudicial killings, torture, forced labor, and other abuses occur throughout Burma and have contributed to growing numbers of Burmese refugees in neighboring countries. Parts of the region harbor terrorists often linked to radical Islam who pose significant risks to the United States.

In the Asia and Pacific region, each day approximately 1,192 people die of AIDS and about 2,685 people become infected with HIV. Population increases, rapid industrialization, and unsustainable energy policies are straining the region's natural resources and environmental systems. Urban air pollution levels are among the highest in the world: it is estimated that China loses as much as ten percent of its national income to pollution, while the nations of South East Asia lose five to six percent. Rapid social and economic changes occurring in the region fuel mobile migrant populations and the growth of both the sex and drug trades.

The Regional Development Mission/Asia:

USAID's Regional Development Mission/Asia (RDM/A) opened in Bangkok, Thailand in June 2003. The new Mission manages regional and country specific programs in mainland East Asia (Burma, China, Laos, Thailand, and Vietnam) as well as HIV/AIDS and environmental programs that extend into the Pacific and South Asia. The RDM/A also acts as the regional hub for services including contracting, administration, and disaster response.

This new Mission has the potential to play a unique role among donors in mainland East Asia. The RDM/A plans to strengthen its partnership with the Royal Thai Government to mobilize the expertise of Thailand to assist countries in the region in addressing specific development challenges. In addition, the RDM/A plans to act as a regional facilitator of "best practice" information, a clearing house that will allow countries to build on each others' successes. The RDM/A will also support regional institutions that encourage countries to liberalize their markets, protect human rights, and clean-up their environment. The RDM/A is identifying regional needs to determine how USAID can best make the most contribution in the region. Based on these findings, the Mission will develop new action plans and refine existing ones in areas where current programming gaps exist. The Mission is also looking for additional opportunities to create public-private alliances.

Management responsibility for programs in mainland East Asia is shifting gradually from Washington to the RDM/A. This process is expected to be completed by the end of Fiscal Year 2004.

U.S. Interests and the RDM/A's Programs:

United States foreign policy priorities in East Asia include supporting the war on terrorism, promoting transparency and democracy, expanding trade and investment, stopping the spread of HIV/AIDS, and halting environmental degradation. The RDM/A supports these priorities and contributes directly to the success of President Bush's Clean Energy Initiative; the Global Climate Change Initiative; the Global Fund to Fight AIDS, TB and Malaria; and the Mother and Child HIV Prevention Initiative.

USAID's RDM/A manages programs funded in response to Congressional earmarks in China, Burma,

and Laos. It also supervises and supports USAID's office in Vietnam. The RDM/A works to improve governance in South East Asia, increase effective responses to HIV/AIDS and other infectious diseases, promote cleaner cities and industries in Asia, and responde to U.S. foreign policy priorities, notably by supporting programs that help refugees and migrants and that fight against trafficking in persons.

- USAID is designing a new program aimed at Improved Governance in South East Asia. Through this program, USAID will work to promote financial stability, respect for the rule of law, and more open political processes by improving the policy, legal, and regulatory environment in targeted countries.

- USAID is increasing effective responses to HIV/AIDS and other infectious diseases by working to strengthen the capacity of countries to address diseases such as HIV/AIDS, tuberculosis, and malaria through assistance in disease surveillance, promoting behavior change, training, research, and the provision of care and support to those afflicted with these diseases. The program seeks to identify lessons from the region that can be used to benefit other countries.

- USAID is promoting cleaner cities and industries in Asia through the United States Asia Environmental Partnership (USAEP) by engaging the U.S. Government, academics, businesses, and professional communities in addressing the environmental challenges of rapid industrial and urban growth. Activities concentrate on public policy and environmental regulation, urban and industrial environmental management, and the clean production and efficient use of energy. The program focuses on six countries (Indonesia, Philippines, Vietnam, Thailand, India, and Sri Lanka).

- USAID is helping migrants and victims of trafficking in persons through its work with other U.S. Government agencies to design a coordinated approach to trafficking in persons in mainland South East Asia and South Asia. This strategy will focus on prevention, protection, and prosecution. The RDM/A is also studying the possibility of launching a cross-border educational initiative to provide improved access to quality education for Muslim youth in mainland East Asia.

Donor Relations:

USAID coordinates closely with other donors in the region when implementing regional activities. The HIV/AIDS and environment activities have especially benefited from regional partnerships with multilateral and bilateral donors that have helped to bolster the results achieved by USAID initiatives. Major donors in the region include the World Bank, the Asian Development Bank, the European Union, the Japan International Cooperation Agency, and the United Nations. USAID coordinates with these donors at both the country and regional levels.

Key Achievements:

The RDM/A's programs are reaping many positive results. Selected highlights are described below.

Through the United States-Asia Environmental Partnership (US-AEP) Program, participation of civil society in the development and implementation of policies and activities has contributed to the implementation of 50 new or improved urban environmental management practices and/or policies in Asia in FY 2003. In great part due to USAID's efforts, the Royal Thai Government established an environmental dispute resolution center that will put into practice government policies and plans for preventing and resolving disputes between local communities and proponents of infrastructure projects. In addition, US-AEP's interventions resulted in Asian governments establishing of eight formal systems to capture environmental data. In the Philippines, efforts to "green the supply chain" that were begun with Nestle Philippines and ultimately involved seven multinationals resulted in hundreds of subsidiary companies of participating multinationals adopting voluntary environmental standards.

USAID efforts to prevent the spread of HIV/AIDS and improve the care of infected individuals are paying off. Among the populations of Burma, Laos, and Thailand, increasing numbers of groups are marketing condoms and spreading HIV/AIDS prevention messages to vulnerable groups in high-risk areas. USAID helped to establish the Shan project clinic in Muse, Burma which is attracting increasing numbers of patients with sexually transmitted infections. USAID is also supporting the Mae Tao Clinic to increase the provision of voluntary counseling and testing services, prevention of mother-to-child transmission, and

care and support for Burmese migrants. With strong influence from USAID's partners, during 2003, the Government of Vietnam developed its National Strategy on HIV/AIDS Prevention and Control for the years 2003-2010. This new Strategy demonstrates a growing commitment on the part of the Government to challenging the epidemic.

There have also been significant achievements in fighting infectious diseases such as tuberculosis and malaria. For example, standardized surveillance for drug-resistant malaria began in Cambodia, Laos, and Thailand, and initial assessments of anti-malarial-drug use in Cambodia and anti-malaria drug quality were completed in Cambodia, Laos, Thailand, and Vietnam. This information is being used to help change national drug policy to improve the treatment of multi drug-resistant malaria. At the same time, efforts to improve the involvement of communities in malaria control have been initiated in Thailand, and access to insecticide-treated bed nets and rapid tests for detecting malaria have been expanded in Cambodia.

With USAID's support, Vietnam has pushed forward legislation to create the enabling environment for liberalization of trade and investment regimes to comply with the commitments made by Vietnam in the U.S.-Vietnam Bilateral Trade Agreement (BTA), which was signed in December 2001. In addition, Vietnam business associations have fundamentally advanced in absorbing the new concepts of competitiveness by forming industry-specific groupings on a pilot basis. These groupings respond to the opportunities arising from the BTA and international economic and trade integration.

In Vietnam, USAID funds also supported a model for vocational training for adolescents with disabilities. Within the scope of the program, adolescents in the selected areas were screened, and from them, 530 were identified as appropriate candidates for either a formal or informal Vocational Training Program. More than 80 percent of the graduated adolescents with disabilities have secured jobs and are now earning independently.

USAID's Rule of Law Program in China resulted in 104 students graduating from the L.L.M. program so far. Thirty-seven students entered the Beijing program in 2003 and an additional ten are studying at Temple University in Philadelphia. Two scholars funded by USAID developed a law school course on the World Trade Organization that is being taught to Chinese law students at Tsinghua University in Beijing.

USAID's Laos Economic Acceleration Program for the Silk Sector (LEAPSS) has made steady progress in developing a stronger income generating base for rural populations and in building local capacity for overall project management and sustainability. LEAPSS has helped more than 355 families initiate silk production micro-enterprises. Project beneficiaries have realized a 30 percent increase in income from the sale of silk and silk products. In the original 12 target villages, participants have formed 30 farmers groups. Sixteen of these groups are headed by women and 13 of the total 24 members on the project communities in the target villages are women.

Global Development Alliances:

The RDM/A is fully committed to creating public-private partnerships as a way of maximizing results achieved through development efforts. RDM/A is identifying gaps in programming and developing new projects to fill these gaps. As part of this process, the RDM/A will look for opportunities to create additional public-private alliances. The mission's efforts to launch a program to improve the quality of secondary education in southern Thailand and northern Malaysia - both areas with predominantly Muslim populations - may constitute one such opportunity, as there is considerable corporate interest in this sector. To date, RDM/A is managing alliances through the US-AEP Program, Vietnam's Support for Trade Acceleration Program, and the Vietnam Competitiveness Initiative.

In FY 2003, USAID helped to create Energy Wise India, a public-private partnership to increase industrial energy efficiency. The partnership focuses on applying innovative strategies and tools to help Indian companies improve their energy efficiency and implement cost-effective projects. Energy Wise India is fully funded at \$990,000 for the 20 month contract period and has mobilized approximately \$2,000,000 of in-kind contributions from partners in the private and public sector which is more than a 2:1 match of USAID funds.

USAID's well-developed public-private partnerships with four business associations have resulted in the formation of four clusters of private companies in fruits, fine-art ceramics, and software in Hanoi and Ho Chi Minh City. With USAID support, the Vietnam Competitive Initiative Website (www.vnci.org) has gone online with full program brochures, contact information, useful links, and competitiveness strategy documents. Largely as a result of USAID support, these business associations are playing an increasingly important role in driving the policy agenda on private business development.

Conflict:

Armed conflict continues to shadow major parts of the region for which the RDM/A is responsible. In Burma in particular, the course of a long-running, albeit low-profile, civil war remains unpredictable. Although the Burmese junta has reached cease-fire agreements with many of the armed ethnic groups that have long fought its rule, others continue to resist, and a small stream of refugees continues to trickle into Thailand. The future course of the conflict is unpredictable, and over one million Burmese citizens remain in Thailand and other counties on Burma's border, some as officially-recognized refugees in camps, most as unrecognized and undocumented aliens. In Laos, a sporadic guerilla campaign by the Hmong minority group continues, and has been characterized in the past year by a series of bombings and attacks, some of them in the very center of the capital, Vientiane. The future direction of this conflict, too, is unpredictable. More generally, the spectre of international terrorism continues to haunt the region; over the past year, several Al Queda suspects (including one of the world's most wanted terrorists) were arrested in Thailand.

Gender:

Gender is intrinsic to all programs managed by the RDM/A. Many projects empower women by actively involving them as organizers and mobilizers of community groups. USAID's HIV/AIDS and infectious disease programs specifically target women to prevent the spread of sexually transmitted diseases and mother-to-child transmission as well as provide care and support for infected women. USAID's program with the Burma Women's League in Chiang Mai, Thailand trains women leaders from several different ethnic groups from inside Burma. This program builds inter-ethnic relationships while giving women leadership and practical management skills to use in their home communities. Because women do the bulk of the work in Laos' silk sector, USAID's LEAPPS Program is raising the income of women in farming communities. USAID's rainwater harvesting project in India resulted in increased localized water supply, easing the burden of female water collectors. The USAID-funded CHANGE Project in Vietnam has addressed gender differences in relation to stigma and discrimination associated with HIV/AIDS. These findings, and technical assistance from the USAID-funded POLICY Project, have helped to assure the incorporation of gender issues in Vietnam's National HIV/AIDS Strategy for the years 2003-2010. USAID is also designing a strategy to prevent and protect female victims of trafficking and prosecute the perpetrators.

Trade Capacity Building:

The RDM/A is designing a new program aimed at improving governance in South East Asia. As part of this program, USAID plans to provide technical assistance to improve the capacity of targeted countries in Asia to trade with the United States. USAID would likely focus on improving the policy, legal, and regulatory environments within countries.

With USAID support, Vietnam has undertaken significant measures addressing key U.S.-Vietnam Bilateral Trade Agreement requirements such as reforming customs systems and procedures, upgrading commercial dispute settlement procedures, liberalizing and streamlining trading rights and trade in services, enhancing intellectual property rights, increasing transparency, and safeguarding foreign investment. For example, in 2003, with USAID technical assistance, the Government of Vietnam enacted nine major laws that brought about fundamental changes in the trade and investment environment. These include the Law on State Banks, which facilitates trade in services; the Decree on Foreign Lawyers, which paves the road for operation of foreign legal services; the Ordinance on Commercial Arbitration, which enables the enforcement of domestic arbitration awards; and the Official Letter on the increase of the cap on Vietnamese Dong deposits for U.S. banks working in Vietnam.

The potential for trade capacity building activities in Laos became more apparent this year with President Bush's signature of a free trade agreement with Laos. Later in FY 2004, the U.S. Congress will consider offering Normal Trade Relations status to Laos. Should this happen there will be opportunities to work with the Government of Laos to build its capacity to live up to the standards of economic reform demanded by its agreement with the United States.

Country Close and Graduation:

Not Applicable.

Results Framework

- 486-XXX Improved Governance in South East Asia**
- 486-YYY Special Foreign Policy Interests Addressed in South East Asia**
- 498-009 Cleaner Cities and Industries in Asia**
- 498-022 Effective Responses to HIV/AIDS and Other Infectious Diseases**
- 498-036 Improve East Asia Regional Stability Through Democracy and Human Rights**